

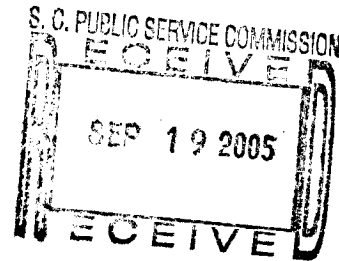
115858

George Fasano, Jr.  
Senior Vice President & Assistant Treasurer

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September 16, 2005




Mr. Charles Terreni  
Chief Clerk & Administrator  
Public Service Commission of SC  
Post Office Drawer 11649  
Columbia, SC 29211

Dear Mr. Terreni:

In compliance with PSC Order 2004-510 in Docket No. 2004-6-G, enclosed please find the report on South Carolina Pipeline Corporation's hedging activities for the period 12/29/04-1/27/05.

If you have any questions concerning this report, please do not hesitate to call.

Sincerely,

  
George Fasano, Jr.

Enclosures as indicated

N:Word/Hedge Activities PSC

Mark to Market Results  
For the Hedging of February 2005 Volumes  
12/29 - 1/27  
Mark to Market vs. Average Market Price

Contract Settle 6.288

Date	Sales			Purchases			Daily Settle
	Contracts	Price	Mark to Market	Contracts	Price	Mark to Market	
1 12/29/04	-	-	\$0	-	-	\$0	6.213
2 12/30/04	-	-	\$0	-	-	\$0	6.149
3 01/03/05	-	-	\$0	-	-	\$0	5.790
4 01/04/05	-	-	\$0	-	-	\$0	5.902
5 01/05/05	-	-	\$0	-	-	\$0	5.833
6 01/06/05	-	-	\$0	-	-	\$0	6.049
7 01/07/05	-	-	\$0	-	-	\$0	6.001
8 01/10/05	-	-	\$0	-	-	\$0	6.159
9 01/11/05	-	-	\$0	-	-	\$0	6.095
10 01/12/05	-	-	\$0	-	-	\$0	5.943
11 01/13/05	-	-	\$0	-	-	\$0	6.445
12 01/14/05	-	-	\$0	-	-	\$0	6.395
13 01/17/05	-	-	\$0	-	-	\$0	6.395
14 01/18/05	-	-	\$0	-	-	\$0	6.137
15 01/19/05	-	-	\$0	-	-	\$0	6.293
16 01/20/05	-	-	\$0	-	-	\$0	6.308
17 01/21/05	-	-	\$0	-	-	\$0	6.240
18 01/24/05	-	-	\$0	-	-	\$0	6.476
0			\$ -	0		\$ -	
						Gain/(Loss) from futures transactions	\$ -
						Gain/(Loss) from option transactions	\$ (1,704,650) **
						Gain/(Loss) from financial transactions	<u>\$ (1,704,650)</u>
19 01/25/05	0	0.000	\$0	0	0.000	\$0	6.403
20 01/26/05	0	0.000	\$0	0	0.000	\$0	6.388
21 01/27/05	0	0.000	\$0	0	0.000	\$0	6.288
0			\$0	0		\$0	6.1858

Program Results

NYMEX Average Market Price	\$ 6.1858
Purchase Price Achieved per Normal Scenario	-
Difference	6.1858
Ratio of Contract in Normal Scenario to Total Contracts in Plan	-
Price Gain (Loss) per Normal Scenario	-
Adjustment for Contracts Purchased per Low-Price Scenario	-
Adjustment for Contracts Purchased per High-Price Scenario	(0.8245)
Total Price Gain (Loss)	(0.8245)
Contracts In Plan	236
Gain (Loss) vs Average Market Price	<u>\$ (1,945,820)</u>

\*\* - Options purchased as a result of high price-scenario

Purchased 19 call options x .735 premium x 10,000 mmbtu/contract =	\$ (139,650)
Purchased 14 call options x .74 premium x 10,000 mmbtu/contract =	\$ (103,600)
Purchased 25 call options x .71 premium x 10,000 mmbtu/contract =	\$ (177,500)
Purchased 35 call options x .75 premium x 10,000 mmbtu/contract =	\$ (262,500)
Purchased 8 call options x .73 premium x 10,000 mmbtu/contract =	\$ (58,400)
Purchased 67 call options x .77 premium x 10,000 mmbtu/contract =	\$ (515,900)
Purchased 34 call options x .645 premium x 10,000 mmbtu/contract =	\$ (219,300)
Purchased 34 call options x .67 premium x 10,000 mmbtu/contract =	\$ (227,800)

Net gain/(loss) from options transactions	<u>\$ (1,704,650)</u>
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South Carolina Pipeline Corporation  
Risk Management Program Adjustments  
Through January 2006

	2005 January	Total 2005
Commissions	\$ -	\$ -
Software	3,863	3,863
Subscriptions	4,500	4,500
Data Feed	1,457	1,457
Non Hedging Addition to Cost of Gas	9,820	9,820
Hedging Additions(Subtractions)	-	-
Total Risk Management Program Adj.	\$ 9,820	\$ 9,820

Results since inception of program

	Aug-Dec 1996	Total 1996	Total 1997	Total 1998	Total 1999	Total 2000	Total 2001	Total 2002	Total 2003	Total 2004	Total 2005	Total
Commissions	\$ 3,924	\$ 53,121	\$ 83,496	\$ 59,112	\$ 58,189	\$ 50,197	\$ 38,459	\$ 49,415	\$ 42,907	\$ 12,468	\$ -	\$ 449,288
Software	4,215	9,547	8,847	8,412	8,412	17,063	28,176	21,782	12,082	25,549	3,863	148,948
Subscriptions	9,582	23,038	25,678	31,277	31,188	34,387	31,240	31,188	51,054	54,000	4,500	327,130
Data Feed	2,061	5,296	6,428	5,305	3,575	4,200	4,235	4,413	5,568	6,104	1,457	48,643
Non Hedging Addition to Cost of Gas	19,782	91,002	124,448	104,108	99,374	105,847	103,110	106,798	111,610	98,121	9,820	974,018
Hedging Additions(Subtractions)	(284,600)	(3,722,050)	27,450	3,410,260	(838,620)	(4,136,410)	12,684,200	11,012,500	(14,781,610)	2,315,013	-	5,686,133
Total Risk Management Program Adj.	\$ (284,618)	\$ (3,621,948)	\$ 151,898	\$ 3,514,366	\$ (739,246)	\$ (4,030,563)	\$ 12,787,310	\$ 11,119,298	\$ (14,679,000)	\$ 2,413,134	\$ 9,820	\$ 6,660,191

**South Carolina Pipeline Corporation**  
**Futures Transactions and Additional Costs Effect on Cost of Gas**  
**Through January 2005**

<b>Month</b>	<b>Yr</b>	<b>Cost of Gas Without Futures</b>	<b>Cost of Gas With Futures &amp; Additional Costs</b>	<b>Addition to/ (Subtraction from) Cost of Gas</b>
<b>1995 Total</b>		26,240,595	25,975,777	(264,818)
<b>1996 Total</b>		113,461,568	109,830,520	(3,631,048)
<b>1997 Total</b>		132,211,553	132,363,451	151,898
<b>1998 Total</b>		81,397,552	84,911,918	3,514,366
<b>1999 Total</b>		96,671,309	95,932,063	(739,246)
<b>2000 Total</b>		177,625,268	173,594,705	(4,030,563)
<b>2001 Total</b>		203,284,081	216,071,391	12,787,310
<b>2002 Total</b>		143,116,542	154,235,840	11,119,298
<b>2003 Total</b>		208,851,322	194,181,322	(14,670,000)
<b>2004 Total</b>		214,449,674	216,862,809	2,413,134
<b>January</b>	<b>05</b>	31,376,227	31,386,047	9,820
<b>Total</b>		<b><u>\$ 1,428,685,691</u></b>	<b><u>\$ 1,435,345,844</u></b>	<b><u>\$ 6,660,152</u></b>



South Carolina Pipeline Corporation  
Contracts Purchased in Advance of Spot Month  
Updated Through January 27, 2005

Contract Month	Type of Security	Date Purchased	Sales		Purchases				
			Number of Contracts	Price	Number of Contracts	Price	Total Dollars		
March 2005	Call Options	12/14/04	-	\$	-	83	0.885	\$	734,600
		12/17/04	-	\$	-	55	0.900	\$	495,000
		12/20/04	-	\$	-	55	0.815	\$	448,100
		-	-	\$	-	-	-	\$	-
	-	-	-	-	193	-	\$	1,677,700	
						<u>Per Contract</u>	<u>Total Dollars</u>		
	March 2005 purchase price of call options					\$	0.8693	\$	(1,677,700)
	March 2005 mark to market of outstanding call options					\$	0.1262	\$	243,650
	March 2005 funds received on sale of call options					\$	-	\$	-
	March 2005 total deferred gain/(loss)					\$	(0.7430)	\$	<u>(1,434,050)</u>
April 2005	Call Options	12/14/04	-	\$	-	35	0.642	\$	224,600
		12/17/04	-	\$	-	23	0.680	\$	156,400
		12/20/04	-	\$	-	23	0.610	\$	140,200
		-	-	\$	-	-	-	\$	-
	-	-	-	-	81	-	\$	521,200	
						<u>Per Contract</u>	<u>Total Dollars</u>		
	April 2005 purchase price of call options					\$	0.6435	\$	(521,200)
	April 2005 mark to market of outstanding call options					\$	0.2955	\$	239,340
	April 2005 funds received on sale of call options					\$	-	\$	-
	April 2005 total deferred gain/(loss)					\$	(0.3480)	\$	<u>(281,860)</u>
May 2005	Call Options	12/17/04	-	\$	-	23	0.660	\$	151,800
		12/20/04	-	\$	-	22	0.593	\$	130,350
		-	-	\$	-	-	-	\$	-
		-	-	-	-	45	-	\$	282,150
						<u>Per Contract</u>	<u>Total Dollars</u>		
	May 2005 purchase price of call options					\$	0.6270	\$	(282,150)
	May 2005 mark to market of outstanding call options					\$	0.3587	\$	161,400
	May 2005 funds received on sale of call options					\$	-	\$	-
	May 2005 total deferred gain/(loss)					\$	(0.2683)	\$	<u>(120,750)</u>
June 2005	Call Options	12/17/04	-	\$	-	32	0.700	\$	224,000
		12/20/04	-	\$	-	32	0.635	\$	203,200
		-	-	\$	-	-	-	\$	-
		-	-	-	-	64	-	\$	427,200
						<u>Per Contract</u>	<u>Total Dollars</u>		
	June 2005 purchase price of call options					\$	0.6675	\$	(427,200)
	June 2005 mark to market of outstanding call options					\$	0.4268	\$	273,120
	June 2005 funds received on sale of call options					\$	-	\$	-
	June 2005 total deferred gain/(loss)					\$	(0.2408)	\$	<u>(154,080)</u>